P O. Box 421
Eureka, Utah 84628
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m/023/007
PLS FILE

North Lily Mining Company

January 12, 1996

State of Utah
Attn: Compliance and Monitoring Program
Division of Water Quality
288 North 1460 West
P.O. Box 144870
Salt Lake City, Utah 84114-4780

RE: Fourth Quarter Monitoring Report 1995

Dear Compliance and Monitoring Personnel:

In compliance with Part II of the Ground Water Discharge Permit No. 23000 issued to North Lily Mining Company in May 1991, please find enclosed:

1. Pad and pond sump logs for the fourth quarter of 1995
2. Well water analysis for fourth quarter of 1995
3. Spillway samples for the fourth quarter 1995

All analysis of solution taken from sump samples were composite and delivered to Rocky Mountain Geochemical Corp., in Salt lake City, Utah for analysis. The analytical method used to determine gold and silver values was an atomic absorption spectrometer and all analysis were preformed by Mr. Jim Cardwell of Rocky Mountain Geochemical. Values reported on the sump logs ie. - gold, silver and sodium cyanide levels are reported in parts per million, and the gallons, represent gallons in a 24 hour period.

The pad and pond sumps continue to be checked on a regular basis, but due to the reduced volume of solution in the system detectable levels are not often found. Only on days when solutions have been pumped from a sump are they recorded.

Well water samples were delivered to Chemtec, a Utah certified laboratory, on December 5, 1995 for analysis with a request that the water be analyzed per the specification required by the Division of Water Quality.

Spillway samples have been taken to monitor the reduction of metals and cyanide in the solution coming off the heap leach pads. This has been done to enable North Lily to better meet and comply with state and federal water quality standards. The following table outlines the progress to date on some of the metals and cyanide (all analysis are reported in mg/l):

PARAMETER	*GROUND WATER QUALITY STANDARD	DETECTED IN JUL 1993	DEC 1994	MAR 1995	JUN 1995	SEP 1995	DEC 1995
Fluoride as F	2.4	1.60	7.88	2.49	4.94	5.2	5.7
Arsenic as As	0.05	0.916	0.286	0.604	0.59	0.814	0.500
Barium as Ba	2.0	<.1	0.031	0.016	0.018	0.02	<0.20
Cadmium as Cd	0.005	<.1	<.001	<.001	<.001	<0.01	<0.05
Chromium as Cr	0.1	<1	<.007	<.01	<.007	<0.01	<0.05
Copper as Cu	1.3	1110	430	340	283	255	188
Lead as Pb	0.015	<.2	0.155	0.088	0.066	0.100	0.100
*Mercury as Hg	0.002	0.141	0.255	0.388	0.0020	0.232	0.329
Selenium as Se	0.05	0.529	0.122	0.140	0.24	0.17	0.024
Silver as Ag	0.05	4.41	0.061	3.61	1.8	4.24	3.43
Zinc As Zn	5.0	0.381	.661	0.093	0.500	0.19	0.20
Cyanide as CN-T	0.75	1480	579	344	256	300	*NOTE
Cyanide as CN-Wad	0.20	1264	N/R	77.6	239	291	169
Cyanide as CN- Free	N/A	512	N/R	INTER	179	*NOTE	312
pH	6.5 to 8.5	10.0	8.61	9.41	8.82	9.31	8.95

* Administrative Rules For Ground Water Quality Protection - Effective Date of Last Revision - March 20, 1995

* Digested analyzed by AWAL

* Note: Free Cyanide test experienced matrix interference. No reported value provide

As the above table indicates, there was a slight increase in several metals and cyanide in the last quarter. This we believe is due to rinsing in areas that during the first and second quarters were difficult to reach. North Lily is pleased however that for the most part there is a downward trend in metals and cyanide in the solutions coming off the heap leach pads.

The amount of moisture received (14.56 inches of rain and 52.12 inches of snow) has helped enormously in the reduction of metals and cyanide in the solutions coming from the heap leach pads. It has also been a benefit because of the overall coverage on the heap leach pads that could only be obtained by moisture received in the form of rain and/or snow. Because of the amount of moisture received from nature this year no fresh water was added to the system.

The portable carbon column plant added to the system in November of 1994, in which solutions coming from the pads are run through, is in continuous use. This is having a multi beneficial effect on the operation, several of which are; gold and silver values continue to be recovered, this has offset some of the monitoring costs, some of the base metals contained in the solution will be recovered making them easier to dispose of, and the complex wad cyanide compounds that have been building in the system are being broken down, all of which brings the solution closer to water quality standards.

The carbon plant was scheduled to be used through October 1995, but because of the slight increases in metals and cyanide, North Lily will continue to use the carbon plant during the fourth quarter of this year. At that time metals, cyanide and other complex compounds that exceed water quality standards will be evaluated to determine the most effective way to bring them into compliance with

water quality standards.

It was North Lily's intention to start grading and contouring the heaps leach pads in the third quarter of 1995, but this has been postponed until early spring 1996. Rinsing of the pads will continue over the entire heap leach pad until water quality standards are met.

North Lily's Ground Water Quality Permit expires in May 1996. In the request for an extension North Lily will submit a detailed plan for closer.

If you have questions and/or comments, please call.

Paul C. Spor
Eureka Office
P.O. Box 421
Eureka, Utah 84628
801-433-6804 Phone
801-433-6803 Fax

or

Paul C. Spor
St. George Office
390 South 600 East
St. George, Utah 84770
801-634-1584 Phone/Fax/Messages

Sincerely,

Paul C. Spor
General Manager

cc: Roger A. Foisy, Division of Water Quality
Wayne Hedberg, Division of Oil, Gas, and Mining

Sumps 95

DATE	SUMP	POND	TIME	Au	Ag	pH	NaOH	GALLONS	NAME
10/7	Prcg	26'	10:00	0.4	1.5	8.8	1000	2	EE
"	Barren	22½'	"			9.3	.009	1	EE
"	Overflow	5'	"			8.2	.000	5	EE
"	#1 Spillway →	"	"			8.1	.000	4	EE
"	#2 "	"	"			8.1	.000	4	EE
10/10	Prcg	31'	1300			8.9	.000	2	
"	Barren	22½	"			9.1	.010	2	
"	Overflow	5	"			8.2	.000	10	
"	#1 Spillway →	"	"			8.1	.000	3	
"	#2 "	"	"			8.1	.000	3	
10/14	Prcg	26'	1300			8.2	.000	1	DC
"	Barren	21'	"			9.0	.008	1	DC
"	Overflow	5'	"			8.1	.000	1	DC
"	#1 Spillway →	"	"			8.0	.000	2	DC
"	#2 "	"	"			8.0	.000	2	DC
10/16	Prcg	28'	10:00			8.8	.000	1	
"	Barren	22'	"			9.1	.010	2	
"	Overflow	5'	"			8.0	.000	8	
"	#1 Spillway →	"	"			8.2	.000	3	
"	#2 "	"	"			8.2	.000	3	
10/20	Prcg	30'	1350			8.5	.000	1	JU
"	Barren	25'	"			8.9	.009	2	JU
"	Spillway Overflow	5'	"			6.1	.000	5	JU
"	#1 Spillway →	"	"			8.1	.000	3	JU
"	#2 "	"	"			8.1	.000	2	JU
10/26	Prcg	24½'	1400			8.8	.000	1	
"	Barren	25'	"			9.3	.005	1	
"	Overflow	5'	"			8.2	.000	4	
"	#1 Spillway →	"	"			8.0	.000	2	
"	#2 "	"	"			8.0	.000	2	
10/28	Prcg	28½'	1350			8.9	.000	1	EE
"	Barren	28½'	"			9.0	.008	2	EE
"	Overflow	5'	"			8.1	.000	3	EE
"	#1 Spillway →	"	"			8.1	.000	1	EE
"	#2 "	"	"			8.1	.000	1	EE
10/31	Prcg	27'	1000			8.7	.000	1	
"	Barren	31'	"			9.0	.009	1	
"	Overflow	5'	"			8.2	.000	8	
"	#1 Spillway →	"	"			8.2	.000	4	
"	#2 "	"	"			8.2	.000	4	
11/5	Prcg	29'	1050			8.9	.000	1	DC
"	Barren	27'	"			9.2	.005	1	DC
"	Overflow	5'	"			8.0	.000	3	DC
"	#1 Spillway →	"	"			8.0	.000	2	DC
"	#2 "	"	"			8.0	.000	2	DC

Sumps 95

DATE	SUMP	POND	TIME	Au	Ag	pH	NaCH	GALLONS	NAME
11/9	Dreg	28'	14:50	935	4.2	8.9	ooo	1	
	Barren	23'	"			9.2	oo8	1	
	Overflow	4'	"			8.3	ooo	8	
	#1	Spillway	"			8.1	ooo	3	
	#2	"	"			8.1	ooo	3	
11/12	Dreg	28.5'	11:00			8.8	ooo	2	JU
	Barren	24'	"			9.1	o10	2	JU
	Overflow	4'	"			8.2	ooo	6	JU
	#1	Spillway	"			8.2	ooo	3	JU
	#2	"	"			8'	ooo	3	JU
11/15	Dreg	28'	16:00			8.7	ooo	1	
	Barren	29'	"			8.9	oo8	1	
	Overflow	3'	"			8.1	ooo	5	
	#1	Spillway	"			8.0	ooo	2	
	#2	"	"			8.0	ooo	2	
11/18	Dreg	24'	15:00			8.9	ooo	1	EE
	Barren	30	"			9.0	oo9	1	EE
	Overflow	3'	"			8.0	ooo	8	EE
	#1	Spillway	"			8.0	ooo	3	EE
	#2	"	"			8.0	ooo	3	EE
11/22	Dreg	30'	16:00			8.8	ooo	1	
	Barren	24.5'	"			8.9	oo8	2	
	Overflow	5	"			8.3	ooo	3	
	#1	Spillway	"			8.2	ooo	2	
	#2	"	"			8.2	ooo	2	
11/26	Dreg	32'	10:00			8.9	ooo	2	DC
	Barren	23'	"			9.3	oo9	10	DC
	Overflow	4'	"			8.1	ooo	2	DC
	#1	Spillway	"			8.1	ooo	2	DC
	#2	"	"			8.2	ooo	2	DC
11/29	Dreg	25.5'	09:54			8.3	ooo	1	
	Barren	30	"			9.2	o10	2	
	Overflow	4'	"			8.1	ooo	8	
	#1	Spillway	"			8.0	ooo	3	
	#2	"	"			8.0	ooo	3	
12/3	Dreg	29'	11:00			8.7	ooo	2	DJ4.
	Barren	25½'	"			8.9	o10	2	JU
	Overflow	4'	"			8.5	ooo	5	JU
	#1	Spillway	"			8.3	ooo	3	JU
	#2	"	"			8.2	ooo	2	JU
12/5	Dreg	25'	16:50			8.9	ooo	1	
	Barren	29	"			9.0	oo8	1	
	Overflow	4'	"			8.2	ooo	5	
	#1	Spillway	"			8.1	ooo	1	
	#2	"	"			8.1	ooo	1	

Sumps 95 & 96

DATE	SUMP	POND	TIME	Au	Ag	pH	NaOH	GALLONS	NAME
12/8	Dreg	29.5'	13:00	0.3	3.9	8.9	.1000	2	EE
	Barren	31'	"			9.1	.1009	2	EE
	Overflow	4'	"			8.1	.1000	4	EE
	#1	Spillway	"			8.2	.1000	4	EE
	#2	"	"			8.2	.1000	2	EE
12/12	Dreg	28'	15:30			8.7	.1000	2	EE
	Barren	31'	"			9.1	.1006	2	EE
	Overflow	4'	"			8.2	.1000	3	EE
	#1	Spillway	"			8.1	.1000	4	EE
	#2	"	"			8.2	.1000	1	EE
12/15	Dreg	24'	10:00			8.8	.1000	2	DC
	Barren	30'	"			9.2	.1004	2	DC
	Overflow	4'	"			8.2	.1000	4	DC
	#1	Spillway	"			8.1	.1000	6	DC
	#2	"	"			8.2	.1000	6	DC
12/20	Dreg	27'	15:00			8.9	.1000	3	EE
	Barren	27'	"			9.3	.1006	2	EE
	Overflow	Frozen 6"	"			8.0	.1000	6	EE
	#1	Spillway	"			8.1	.1000	4	EE
	#2	Spillway	"			8.0	.1000	2	EE
12/22	Dreg	27.5'	14:00			8.8	.1000	1	DU
	Barren	30'	"			9.3	.1009	1	DU
	Overflow	4'	"			8.0	.1000	3	DU
	#1	spillway	"			8.0	.1000	2	DU
	#2	"	"			8.0	.1000	1	DU
12/27	Dreg	28'	14:50			8.8	.1000	3	EE
	Barren	31'	"			9.2	.1008	2	EE
	Overflow	4'	"			8.1	.1000	6	EE
	#1	Spillway	"			8.2	.1000	3	EE
	#2	"	"			8.2	.1000	1	EE
12/30	Dreg	33.5'	10:50			8.9	.1000	2	EE
	Barren	2'	"			9.3	.1005	2	EE
	Overflow	4'	"			8.1	.1000	4	EE
	#1	Spillway	"			8.2	.1000	2	EE
	#2	"	"			8.2	.1000	1	EE
96 1/3/96	Dreg	33.5'	10:00			8.8	.1000	3	EE
	Barren	31'	"			9.3	.1010	2	EE
	Overflow	4'	"			8.0	.1000	5	EE
	#1	Spillway	"			8.0	.1000	2	EE
	#2	4'	"			8.0	.1000	2	EE
1/7	Dreg	33.5'	10:50			8.8	.1000	2	DC
	Barren	30'	"			9.1	.1005	2	DC
	Overflow	4'	"			8.0	.1000	4	DC
	#1	spillway	"			8.2	.1000	1	DC
	#2	"	"			8.2	.1000	1	DC

CHEMTECH-FORD ANALYTICAL LABORATORIES

Date: 1/12/96

To: NORTH LILY MINING CO.
P.O. BOX 68
EUREKA, UT 84628

Group #: 5664
Lab #: 95-U038488
Project: SILVER CITY PROJECT
Sample Desc: Well Water/Inlet

Date Sampled: 12/ 5/95
Date Submitted: 12/ 5/95

Time Sampled: 10:00
Time Received: 12:36

CERTIFICATE OF ANALYSIS

PARAMETER	RESULT	MDL	DATE ANALYZED	METHOD	ANALYST
INORGANIC PARAMETERS					
Bicarbonate as HCO3, mg/L	139	1	12/ 7/95 11:30	SM 2320B	TM
Carbonate as CO3, mg/L	< 1	1	12/ 7/95 11:30	SM 2320B	TM
Alkalinity, Solids, mg/L	69	1	12/ 7/95 11:30	SM 2320B	TM
Hydroxide as OH, mg/L	< 1	1	12/ 7/95 11:30	SM 2320B	TM
Alkalinity, Total, mg/L	114	1	12/ 7/95 11:30	SM 2320B	TM
Carbon Dioxide, mg/L	104	1	12/ 7/95 11:30	SM 4500 D	TM
Chloride, mg/L	136	1	12/11/95 12:30	EPA 325.3	TM
Conductance, Specific, mg/L	830.0	0.1	12/ 6/95 12:05	EPA 120.1	DI
Cyanide (T), mg/L	< 0.002	0.002	12/ 7/95 16:00	ASTM D2036	EG
Fluoride, mg/L	0.2	0.1	12/19/95 9:50	EPA 340.2	DI
Hardness, EDTA Titration, mg/L	280	12	12/11/95 10:00	EPA 130.2	TM
Mercury, as Hg, mg/L	< 0.0002	0.0002	12/ 6/95 18:06	EPA 245.1	KA
Nitrite, Nitrogen, mg/L	0.029	0.005	12/ 5/95 18:45	EPA 354.1	KA
Nitrate/Nitrite-Nitrogen, mg/L	0.76	0.02	12/ 7/95 2:40	EPA 353.1	TH
pH, units	7.80	0.05	12/ 7/95 10:00	EPA 150.1	TM
Phosphorus, Ortho, mg/L	< 0.01	0.01	12/ 6/95 9:30	SM 4500	KA
Sulfate, mg/L	100	10	12/12/95 15:30	EPA 375.4	TM
Total Dissolved Solids, mg/L	566	5	12/11/95 12:00	EPA 160.1	RH
Total Suspended Solids, mg/L	< 2.5	2.5	12/11/95 12:00	EPA 160.2	MA
Turbidity, NTU	0.37	0.05	12/12/95 14:00	EPA 180.1	RCG
Antimony (T), as Sb, mg/L	< 0.01	0.01	12/28/95 2:50	EPA 200.7	LH
Arsenic (T), as As, mg/L	< 0.005	0.005	12/28/95 2:50	EPA 200.7	LH

Approved By: R Dunn

CHEMTECH-FORD ANALYTICAL LABORATORIES

Date: 1/12/96

To: NORTH LILY MINING CO.
P.O. BOX 68
EUREKA, UT 84628

Group #: 5664
Lab #: 95-U038488
Project: SILVER CITY PROJECT
Sample Desc: Well Water/Inlet

Date Sampled: 12/ 5/95
Date Submitted: 12/ 5/95

Time Sampled: 10:00
Time Received: 12:36

CERTIFICATE OF ANALYSIS

PARAMETER	RESULT	MDL	DATE ANALYZED	METHOD	ANALYST
INORGANIC PARAMETERS					
Barium (T), as Ba, mg/L	0.07	0.01	12/28/95 2:50	EPA 200.7	LH
Beryllium (T), as Be, mg/L	< 0.001	0.001	12/28/95 2:50	EPA 200.7	LH
Cadmium (T), as Cd, mg/L	< 0.001	0.001	12/28/95 2:50	EPA 200.7	LH
Calcium (T), as Ca, mg/L	57.6	0.2	1/12/96 11:50	EPA 200.7	LH
Chromium(T), as Cr, mg/L	< 0.005	0.005	12/28/95 2:50	EPA 200.7	LH
Copper (T), as Cu, mg/L	< 0.01	0.01	12/28/95 2:50	EPA 200.7	LH
Iron (T), as Fe, mg/L	0.05	0.04	12/28/95 2:50	EPA 200.7	LH
Lead (T), as Pb, mg/L	< 0.005	0.005	12/28/95 2:50	EPA 200.7	LH
Magnesium (T), as Mg, mg/L	31.2	0.1	1/12/96 11:50	EPA 200.7	LH
Manganese (T), as Mn, mg/L	0.01	0.01	12/28/95 2:50	EPA 200.7	LH
Nickel (T), as Ni, mg/L	< 0.01	0.01	12/28/95 2:50	EPA 200.7	LH
Potassium (T), as K, mg/L	2.7	0.1	12/28/95 2:50	EPA 200.7	LH
Silver (T), as Ag, mg/L	< 0.002	0.002	12/28/95 2:50	EPA 200.7	LH
Sodium (T), as Na, mg/L	55.7	0.2	1/12/96 11:50	EPA 200.7	LH
Zinc (T), as Zn, mg/L	0.07	0.02	12/28/95 2:50	EPA 200.7	LH
Antimony (T), as Sb, mg/L	< 0.003	0.003	1/ 2/96 11:06	EPA 200.9	TH
Selenium (T), as Se, mg/L	0.002	0.002	12/ 7/95 8:30	EPA 200.9	TH
Thallium (T), as Tl, mg/L	0.001	0.001	12/ 7/95 12:04	EPA 200.9	TH
Cation, meq/L	7.94				
Anion, meq/L	8.21				
% Difference,	1.70				

Approved By: R Dunn

CHEMTECH-FORD ANALYTICAL LABORATORIES

To: NORTH LILY MINING CO.
P.O. BOX 68
EUREKA, UT 84628

Date: 1/12/96

Group #: 5664
Lab #: 95-U038489
Project: SILVER CITY PROJECT
Sample Desc: Spillway Sample

Date Sampled: 12/ 5/95
Date Submitted: 12/ 5/95

Time Sampled: 10:20
Time Received: 12:36

CERTIFICATE OF ANALYSIS

PARAMETER	RESULT	MDL	DATE ANALYZED	METHOD	ANALYST
INORGANIC PARAMETERS					
Bicarbonate as HCO3, mg/L	254	1	12/ 7/95 11:30	SM 2320B	TM
Carbonate as CO3, mg/L	168	1	12/ 7/95 11:30	SM 2320B	TM
Alkalinity, Solids, mg/L	293	1	12/ 7/95 11:30	SM 2320B	TM
Hydroxide as OH, mg/L	< 1	1	12/ 7/95 11:30	SM 2320B	TM
Alkalinity, Total, mg/L	489	1	12/ 7/95 11:30	SM 2320B	TM
Carbon Dioxide, mg/L	307	1	12/ 7/95 11:30	SM 4500 D	TM
Chloride, mg/L	470	100*	1/12/96 12:30	EPA 325.3	RIF
Conductance, Specific, mg/L	24,600	0.1	12/ 6/95 12:05	EPA 120.1	DI
Cyanide, Free, mg/L	312	5	12/11/95 16:00	ASTM D2036	EG
Cyanide (T), mg/L	Comment	4	12/ 7/95 16:00	ASTM D2036	EG
Cyanide, WAD, mg/L	169	4	12/18/95 11:00	ASTM D2036	EG
Fluoride, mg/L	5.7	0.2	12/19/95 9:50	EPA 340.2	DI
Hardness, EDTA Titration, mg/L	1,260	250	12/11/95 10:00	EPA 130.2	TM
Mercury, as Hg, mg/L	0.3290	0.04	12/ 6/95 18:06	EPA 245.1	KA
Nitrite, Nitrogen, mg/L	0.500	0.1	12/ 5/95 18:45	EPA 354.1	KA
Nitrate/Nitrite-Nitrogen, mg/L	9.94	0.2	12/ 7/95 2:40	EPA 353.1	TH
pH, units	8.95	0.05	12/ 7/95 10:00	EPA 150.1	TM
Phosphorus, Ortho, mg/L	0.25	0.01	12/ 6/95 9:30	SM 4500	KA
Sulfate, mg/L	11,000	500	12/12/95 15:30	EPA 375.4	TM
Total Dissolved Solids, mg/L	20,800	25	12/11/95 12:00	EPA 160.1	RH
Total Suspended Solids, mg/L	6.4	2.5	12/11/95 12:00	EPA 160.2	MA
Turbidity, NTU	0.48	0.05	12/12/95 14:00	EPA 180.1	RCG

Approved By: R Dunn

CHEMTECH-FORD ANALYTICAL LABORATORIES

Date: 1/12/96

To: NORTH LILY MINING CO.
P.O. BOX 68
EUREKA, UT 84628

Group #: 5664
Lab #: 95-U038489
Project: SILVER CITY PROJECT
Sample Desc: Spillway Sample

Date Sampled: 12/ 5/95
Date Submitted: 12/ 5/95

Time Sampled: 10:20
Time Received: 12:36

CERTIFICATE OF ANALYSIS

PARAMETER	RESULT	MDL	DATE ANALYZED		METHOD	ANALYST
INORGANIC PARAMETERS						
Antimony (T), as Sb, mg/L	< 0.3	0.3	12/13/95	9:46	EPA 200.7	LH
Arsenic (T), as As, mg/L	0.500	0.2	12/13/95	9:46	EPA 200.7	LH
Barium (T), as Ba, mg/L	< 0.2	0.2	12/13/95	9:46	EPA 200.7	LH
Beryllium (T), as Be, mg/L	< 0.01	0.01	12/13/95	9:46	EPA 200.7	LH
Cadmium (T), as Cd, mg/L	< 0.05	0.05	12/13/95	9:46	EPA 200.7	LH
Calcium (T), as Ca, mg/L	383	2	12/13/95	9:46	EPA 200.7	LH
Chromium(T), as Cr, mg/L	< 0.05	0.05	12/13/95	9:46	EPA 200.7	LH
Copper (T), as Cu, mg/L	188	0.1	12/13/95	9:46	EPA 200.7	LH
Iron (T), as Fe, mg/L	< 0.4	0.4	12/13/95	9:46	EPA 200.7	LH
Lead (T), as Pb, mg/L	0.100	0.1	12/13/95	9:46	EPA 200.7	LH
Magnesium (T), as Mg, mg/L	8.0	1	12/13/95	9:46	EPA 200.7	LH
Manganese (T), as Mn, mg/L	0.10	0.1	12/13/95	9:46	EPA 200.7	LH
Nickel (T), as Ni, mg/L	1.00	0.1	12/13/95	9:46	EPA 200.7	LH
Potassium (T), as K, mg/L	270	1	12/13/95	9:46	EPA 200.7	LH
Silver (T), as Ag, mg/L	3.43	0.05	12/13/95	9:46	EPA 200.7	LH
Sodium (T), as Na, mg/L	5,190	2	12/13/95	9:46	EPA 200.7	LH
Zinc (T), as Zn, mg/L	0.20	0.2	12/13/95	11:38	EPA 200.7	LH
Selenium (T), as Se, mg/L	0.024	0.002	12/12/95	12:20	EPA 200.9	TH
Thallium (T), as Tl, mg/L	0.048	0.004	12/12/95	8:46	EPA 200.9	TH
Cation, meq/L	252.4					
Anion, meq/L	252.4					
% Difference,	0.00					

Approved By: _____

CHEMTECH-FORD ANALYTICAL LABORATORIES

Date: 1/12/96

To: NORTH LILY MINING CO.
P.O. BOX 68
EUREKA, UT 84628

Group #: 5664
Lab #: 95-U038489
Project: SILVER CITY PROJECT
Sample Desc: Spillway Sample

Date Sampled: 12/ 5/95
Date Submitted: 12/ 5/95

Time Sampled: 10:20
Time Received: 12:36

CERTIFICATE OF ANALYSIS

PARAMETER	RESULT	MDL	DATE ANALYZED	METHOD	ANALYST
INORGANIC PARAMETERS					

NOTE: The laboratory was unable to supply an accurate measured value for Chloride and Total Cyanide due to matrix intreference.
The chloride value presented is based on its contribution to the cation/anion balance.

Approved By: _____

State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

January 2, 1996

Paul C. Spor
North Lily Mining Company
P.O. Box 421
Eureka, Utah 84628

Re: Third Quarter Monitoring Report Reclamation Revisions, North Lily Mining Company, North Lily, M/023/007, Juab County, Utah

Dear Mr. Spor:

We received your third quarter monitoring report on October 16, 1995 which discusses plans to fill in the preg and barren ponds. In past conversations with Mr. Hedberg it was mentioned that this somehow was a change to your approved permit. I have researched your approved permit and find only one reference to the mechanics of filling in the preg and barren ponds on page 39 of your Steffen, Robertson, & Kirsten's report titled the "Description of Leach Facilities for the Tintic Project, SRK Report No. 13701/01". In this report it discussed the filling of the ponds with rock material to prevent water pooling, contouring to blend in with the surrounding topography, and reseeding. All liner materials will be buried by folding the liner into the bottom of the pond and completely covering the liner with dirt.

In your monitoring report dated October 10, 1995, it stated that following meeting ground water standards, the preg and barren pond would be filled in with coarse gravel, capped with top soil, fertilized, mulched, and seeded. The preg and barren ponds could then serve as holding ponds, should unwanted solution come from the graded and contoured pads at some point in the future. The overflow pond could be filled in and contoured as previously planned.

In conversations with Mr. Max Croft of the Department of Environmental Quality, the filling in of the ponds would not be a concern to DEQ as long as the Groundwater Standards are met.

The Division wonders if the change from your original plan was to leave the liner in place, versus folding the liner into the bottom of the pond and covering it with dirt. Please

elaborate by writing a letter to the Division and requesting the appropriate changes to your plan if you are expecting to do anything different from the original plan from which I have referenced.

Any questions or concerns please contact Mr. Hedberg or myself at 538-5340.

Sincerely,

Tom Munson

Tom Munson
Reclamation Hydrologist

jb
cc: Max Croft, DEQ
Wayne Hedberg, DOGM
M023007.let